

“EMPIRICAL STUDY ON INVESTOR BEHAVIOR AND DECISION MAKING TOWARDS INVESTMENT AVENUES”

PALLAVI PAHUJA

Assistant Professor, MBA, Chandigarh Business School, Mohali, Punjab, India

ABSTRACT

The importance of investing cannot be overstated. Money is a fluid thing. Something worth one rupees one day could cost significantly more the next day. This is because history shows us that things always cost more over time. When we view this dynamic over years and decades, it becomes obvious that doing nothing with money will cause it to lose its buying power. It is therefore important to invest to make money grow rather than shrink

Different Avenues for Investing Money

Investing in the stock market, real estate and business ventures is referred to as an aggressive investment. It involves a certain amount of risk. On the other hand, a conservative investment involves a lesser amount of risk and includes the investments made in cash.

Stocks

A share of the ownership of a corporation is termed as a share of stock. Investing in the stock market involves a considerable amount of risk. It requires a careful analysis of the share prices in order to invest in the right company at the right time. There are two types of stocks, common and preferred. While common stock holders carry voting rights along with a unit of ownership, preferred stock holders do not. Preferred stocks entitle the shareholders to receive payments in the form of dividends.

Mutual Funds

It refers to a collective investment scheme in which money pooled from investors is invested in stocks, bonds or other securities. A fund manager is responsible for trading with the pooled money. It is one of the lowest-risk investment ventures. Mutual funds rest on the idea of entrusting an investment expert with your money that he/she invests with intent to fetch one maximum profit.

Bonds

A bond is a debt security in which an issuer owes the bond holder a debt and is supposed to repay the principle and the interest at a later date. The bondholder functions as a lender while the issuer is the borrower. Certain companies offer bonds to invest in. One can also invest in the federal government bond programs. Bonds are a low-risk means to invest in.

Investing in Gold, Silver

Investing in gold is done through ownership or by the means of certificates and shares. One of the traditional ways of investing in gold is through the purchase of gold bars. Swiss banks provide their customers with gold accounts whereby

transactions in gold can be done. Investing in mining companies is another option for investing in gold. Investments in silver are similar to those in gold.

Investment in Land and Real Estate

Real estate investments are done by means of investment in property. Investors purchase property with intent of leasing or holding. Those investing in commercial real estate prefer to purchase a large property and rent it out to big companies. Land investment is an investment activity wherein a piece of land is purchased for development. It can fetch good and long-term returns if invested wisely.

Qualities of Intelligent Investor

The Uncommon

To be the best one has to put your best efforts and work harder. Many people are investing into stocks from ages. But majority of them are now vanished and few are still able to continue to invest and are earning more profits in the stock market. One needs a correct attitude towards the investments and goals. One needs more commitment and more observation in order to lead the race.

Knowledge

As we know, knowledge is divine. In order to be a good investor one must possess ample knowledge of many factors which affect the whole stock market. As Cecil quoted, "The first step to knowledge is to know we are ignorant", one should learn as many as things which will be helpful in selecting the right investment plan. First one should learn how stock market works, how the prices vary, how the external factors affect the price of a share and so on. If one don't know the simple logic of demand and price (Demand is directly proportional to Price and vice versa), and one is thinking to conquer the world of stock market, then one is in big trouble. So try to gain more knowledge by referring to books, websites, and wherever one must find it.

Vision

After gaining the required knowledge, you should have a vision. A vision into the future happenings. One should try to interpret the future which is very simple if one has little bit thinking. The companies which have given good returns are less likely to continue in the future. So try to figure out the small companies which do have potential to become large companies quickly. These companies will give more returns.

Patience

Have patience and patience will pay more. Whereas, impatience in stock market can cost one dear. Wait for a correct opportunity and then grab it. There is always doors for entering and to exit the stock market. Just one has to be patient. Don't hurry as stock market has gone up sharply or don't hurry in selling as stock price decreased sharply. Always there will be reversal of the movement.

Updating Oneself

Even though one may have plans to be invested for a long time, one should be updated with the latest news related to stock market, company's activities, and overall political and economical conditions in order to avoid any sudden blows. One must keep in touch with the latest happenings in the world of stock market and the company in which one has invested

or wants to invest in the future.

KEYWORDS: Investing Money, Stock Market, Investor